

The State  
Of The State's  
Labor Markets

# A LABOR DAY BRIEFING FOR CALIFORNIA

September 2003

State of California  
Employment Development Department  
Labor Market Information Division

This [Briefing](#) was prepared to report on California's labor markets as the nation commemorates Labor Day, September 1. This report presents significant labor market trends and topical statistics relating to the California economy.

Gray Davis, Governor  
State of California

Herb K. Schultz, Acting Secretary  
Labor and Workforce Development Agency

Michael S. Bernick, Director  
Employment Development Department

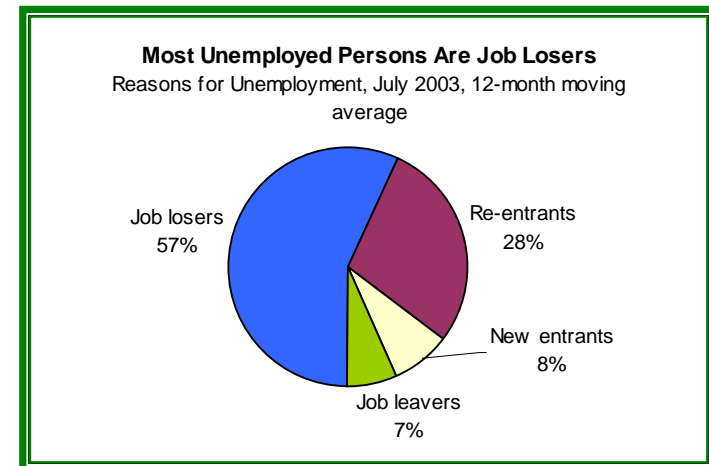
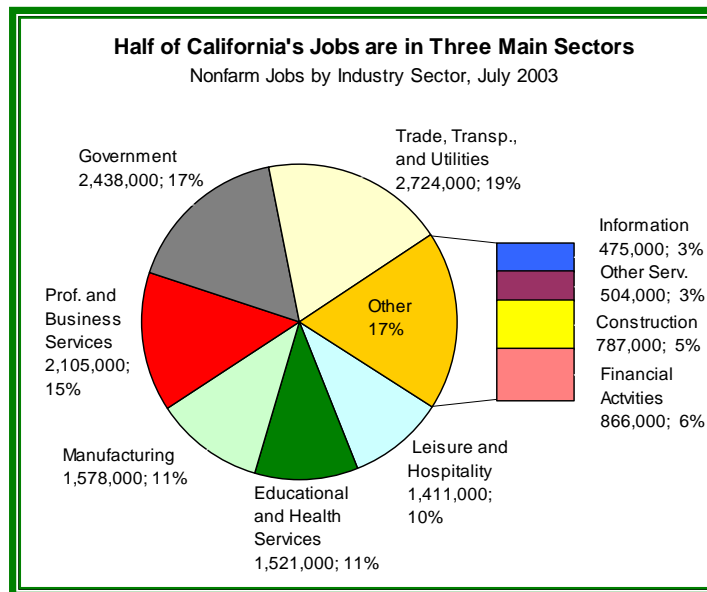
Richard Holden, Chief  
Labor Market Information Division

Media contacts:

Loree Levy  
Suzanne Schroeder  
Communications Office,  
Public Affairs Branch, EDD  
916/654-9029

## A FEW BASIC FACTS

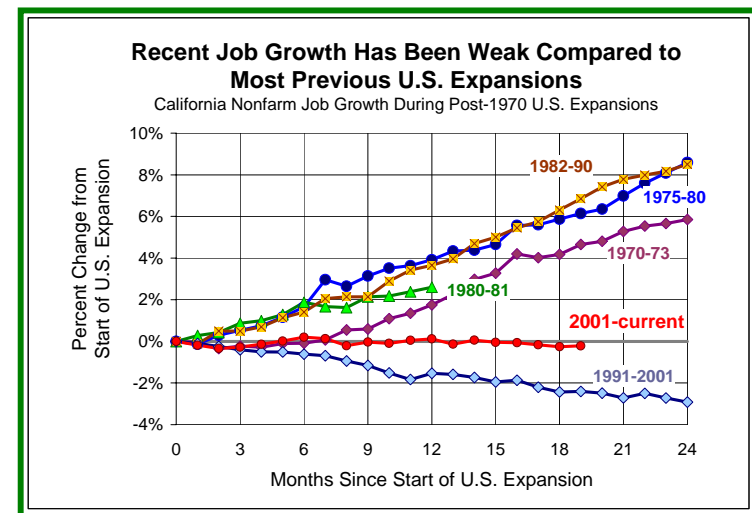
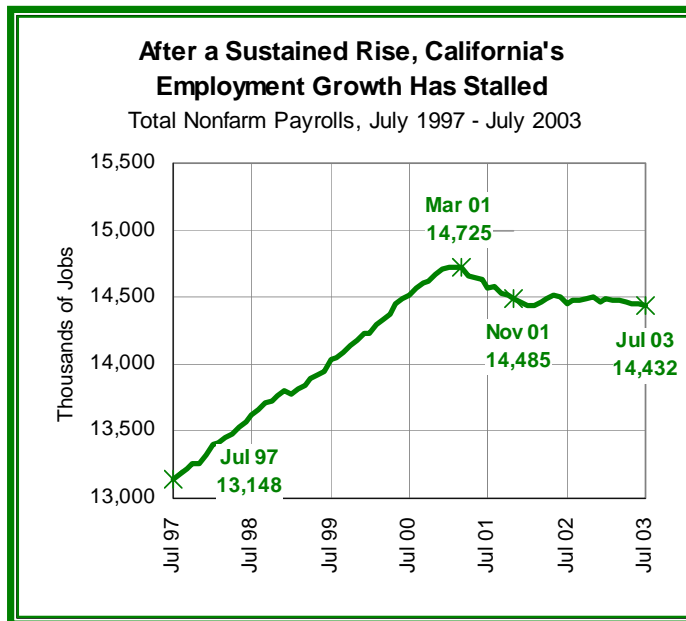
- There are nearly 16.5 million working Californians. Nine percent of working Californians are self-employed. Four out of five Californians work full-time.
- Two-thirds of California's population 16 years and older either have a job or are actively looking for work. The remainder of the working-age population is not in the labor force, a category that includes homemakers, students, and retirees.
- Five out of every six nonfarm California jobs are in service providing industries while the remainder are in goods producing industries.
- The largest number of jobs are in Trade, Transportation, and Utilities, Government (with nearly half of all government jobs in education), and Professional and Business Services. The farm sector accounts for about 2 percent of total industry employment.
- As of July 2003, there were 1.2 million unemployed Californians. One-third had been unemployed for less than five weeks, and six out ten for less than 15 weeks. However, nearly one quarter had been unemployed for 27 weeks or more.
- More than half of unemployed persons are unemployed due to the loss of a job and one-quarter are re-entering the labor force after a period of absence.



# THE RECESSION HAS ENDED, BUT JOB GROWTH REMAINS ELUSIVE

## JOBS

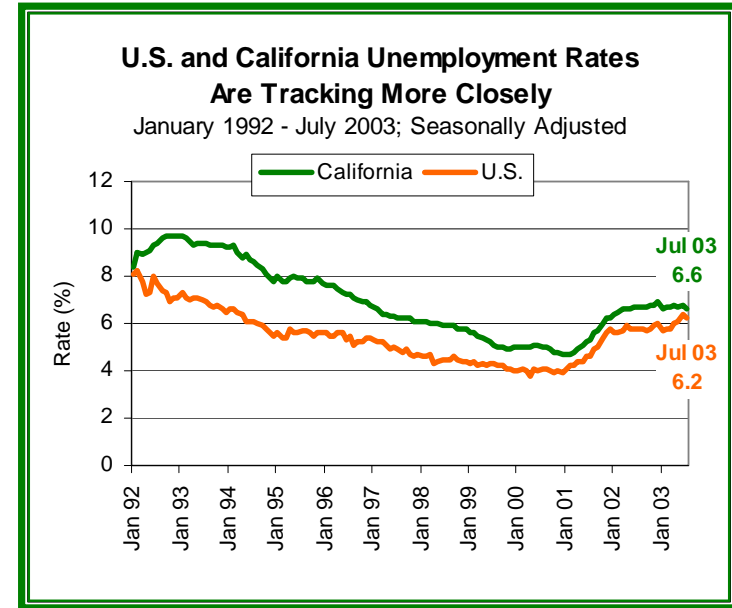
- Although the national recession officially ended in November 2001, job growth has yet to return to either California or the nation. However, recent indicators suggest the national expansion is gathering pace.
- California's nonfarm payrolls fell 53,000 jobs from November 2001 to the most recent reading in July 2003. National nonfarm payrolls fell by more than a million jobs over the same period.
- In percentage terms, the nation's job losses have been twice as severe as in California since the recession ended. Whereas U.S. nonfarm payrolls have fallen 0.8 percent, California's have fallen 0.4 percent.
- California's job growth to date in the current U.S. economic expansion has been among the weakest of the six expansions that have occurred since 1970. Only the early stages of the 1991-2001 U.S. expansion—when California was recovering from a recession that was deeper than the nation's—had weaker job growth.



- California's job market has continued to parallel the nation's over the past year. Whereas California's nonfarm job count is down 23,000 jobs, or 0.2 percent, from one year ago, the nation's job count is down 334,000 jobs, or 0.3 percent.

### LABOR FORCE EMPLOYMENT

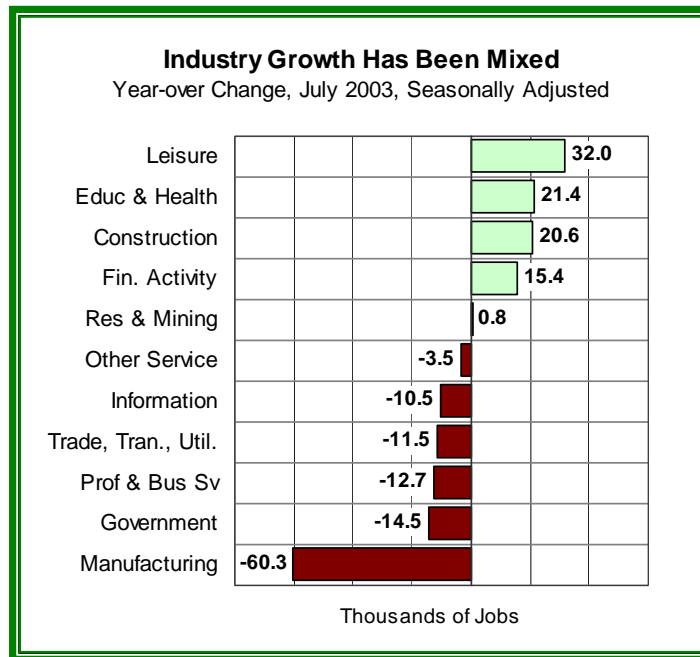
- Unemployment has stabilized since the end of the recession. The number of unemployed Californians decreased 6,000 persons from July 2002 to July 2003. This was the first year-over decrease in the unemployment level since the beginning of the recession in March 2001
- The California unemployment rate stands at 6.6 percent (July 2003), down 0.1 percentage point from one year ago. The U.S. rate is 6.2 percent, up 0.4 percentage point from July of last year.
- Whereas the California unemployment rate has largely held steady in the 6.6 to 6.8 percent range since March 2002, the U.S. rate has been rising in recent months. As a result, the gap between the U.S. and California rates has fallen to its narrowest margin (0.4 percentage point) since January 1992.
- California's labor force continues to expand. Over the last year it has grown 220,000 persons to 17.6 million persons, an increase of 1.3 percent.



- Buoyed by a rallying stock market and recent indicators that show strong consumer and rising factory output, most economists forecast that the U.S. economy will gradually strengthen in the second half of 2003 and in 2004. This should provide a boost to the California economy, and spur modest employment growth.

# INDUSTRY HEADLINES

- Although California's nonfarm payrolls have declined slightly over the last year, job growth trends at the industry level have been mixed. As of July 2003, five of California's eleven major industry sectors exhibited year over job growth, while six exhibited losses.



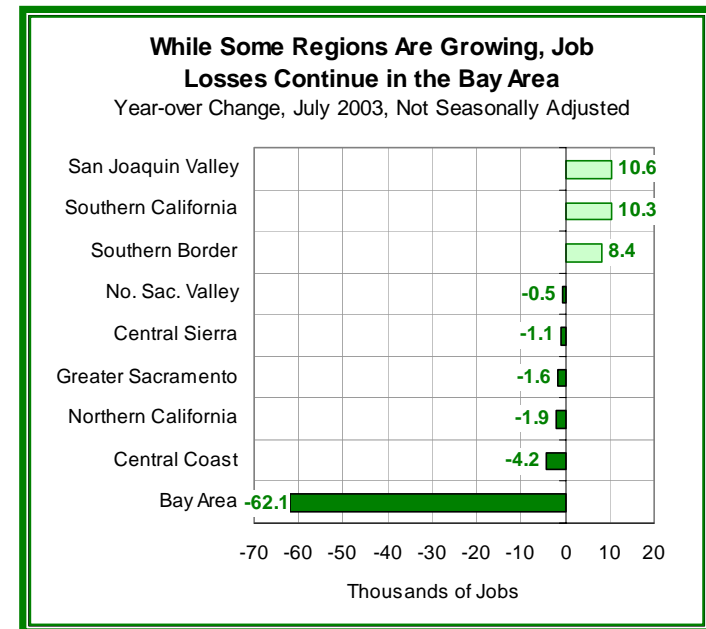
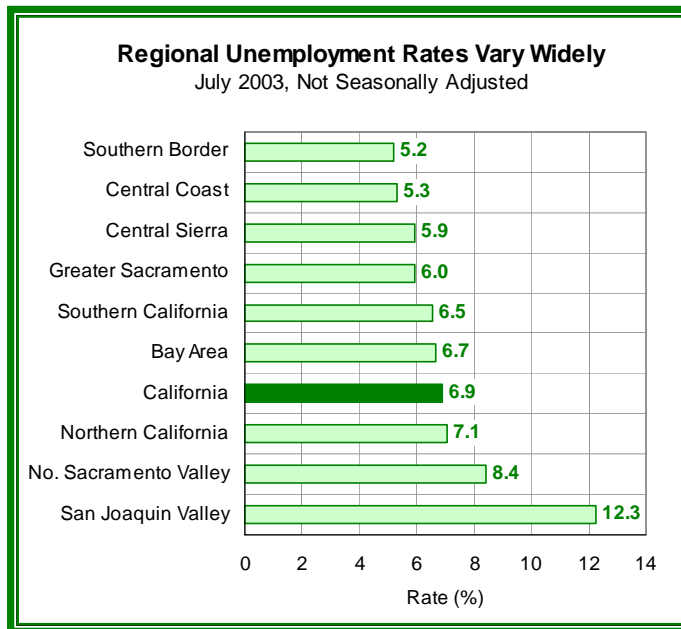
- Reflecting strength in California's travel and entertainment industries, Leisure and Hospitality added the most jobs among major industry sectors over the past year, growing by 32,000 jobs, or 2.3 percent.

- Educational and Health Services industries added 21,400 jobs over the past year, but grew at a somewhat modest 1.4 percent pace.
- Construction added 20,600 jobs over the past year, reflecting California's strong housing market. Among all major industries, Construction's year-over 2.7 percent job growth was second only to the tiny Natural Resources and Mining sector's 3.6 percent growth.
- Financial Activities added 15,400 jobs over the last year, growing by 1.8 percent. This reflected a surge in refinancing activities spurred by rising home values and low interest rates.
- Payrolls fell slightly – or by less than 1 percent -- over the last year in Trade, Transportation and Utilities; Professional and Business Services; Government; and Other Services.
- Although Professional and Business Services has lost nearly 13,000 jobs (or 0.6 percent) since July of last year, this was a marked improvement from the previous trend. As recently as December 2001, the sector's year-over losses totaled 170,000 jobs.
- Reflecting budgetary woes at the state and local level, Government lost 14,500 jobs (0.6 percent) over the past year. Losses have deepened in recent months, totaling 31,600 jobs since January. Government had been the leading job-gaining industry throughout the recession and much of 2002.

- While State Government Education added nearly 4,000 jobs, Other State Government payrolls fell by 4,200 jobs. Local Government losses totaled 17,800 jobs, with Local Government Education accounting for the lion's share of these losses. (Data are not seasonally adjusted.)
- Although Information payrolls declined by 10,500 jobs (or 2.2 percent) over the past year, its employment outlook has improved significantly in recent months. Led by renewed hiring in Motion Pictures and Sound Recording, Information has gained 1,300 new jobs since January 2003.
- Manufacturing continues to be the weakest of California's major industry sectors. Over the last year, Manufacturing losses have totaled 60,300 jobs (or 3.7 percent), with losses continuing to be concentrated in high technology industries.
- California's Manufacturing losses reflect a longer-term downsizing in manufacturing activity nationally. California's Manufacturing employment has declined by 16 percent since peaking in December 2000.

# JOB GROWTH IS STRONGEST IN THE SAN JOAQUIN VALLEY AND WEAKEST IN THE BAY AREA

- Regional unemployment rates in California vary widely, ranging from a low of 5.2 percent in the Southern Border Region to a high of 12.3 percent in the San Joaquin Valley in July 2003.
- Regional unemployment rates have been quite stable over the last year. The largest year-over rate drop (0.2 percentage point) occurred in the Bay Area, Southern Border, and Southern California regions. The highest year-over rate increase (0.3 percentage point) occurred in the Central Sierra, while rates in Northern California, Northern Sacramento Valley, and the San Joaquin Valley each rose 0.2 percentage point.
- The San Joaquin Valley added the most jobs among regions (10,600) over the past year and grew at the fastest rate (1.0 percent). The Southern California and Southern Border regions added 10,300 jobs and 8,400 jobs, respectively.
- With economic weakness continuing to be centered in high technology industries, the Bay Area suffered the steepest job declines over the last year, losing 62,100 jobs (or 1.8 percent). Since the start of the recession in March 2001, nonfarm payrolls in the Bay Area have decreased by 9 percent.



# SPOTLIGHT ON HEALTH CARE SERVICES AND BIOTECHNOLOGY INDUSTRIES

California's health services and biotechnology industries have continued to show strong demand for workers despite the sluggish labor market of the last two years.

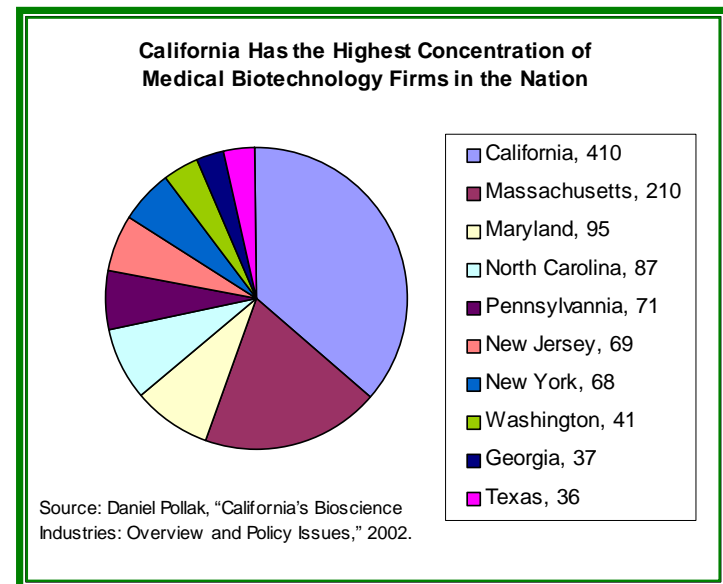
## HEALTH SERVICES<sup>1</sup>

- Even though California's health services work force grew by 22 percent from 760,000 to nearly 927,000 workers between 1990 and 2000, a shortage of nurses and other health care workers looms in the State and the U.S.
- Twelve of the 50 occupations projected to grow fastest in California through 2010 are health-related. They include a range of occupations from aides and technicians to educators and therapists.
- Registered Nurses (RNs) will be one of the fastest growing occupations in California, with projected openings of nearly 100,000 jobs through 2010. However, the State's education and training institutions currently lack the capacity to train sufficient numbers of nurses to fill this demand. Over half of the RNs licensed in California in 2001-02 came from other states or countries.
- The aging of the nursing workforce is a major contributing factor to the number of RN openings. The average age of working RNs in 2000 was 45.2 years, and in some regions of California, over half of the RNs in practice were over 50. Twenty years ago, the average age of working RNs was 37.4 years.

<sup>1</sup> This section highlights findings of the LMID report, Help Wanted: Making a Difference in Health Care, available at: <http://www.calmis.ca.gov/file/occmisc/healthcareproject.htm>.

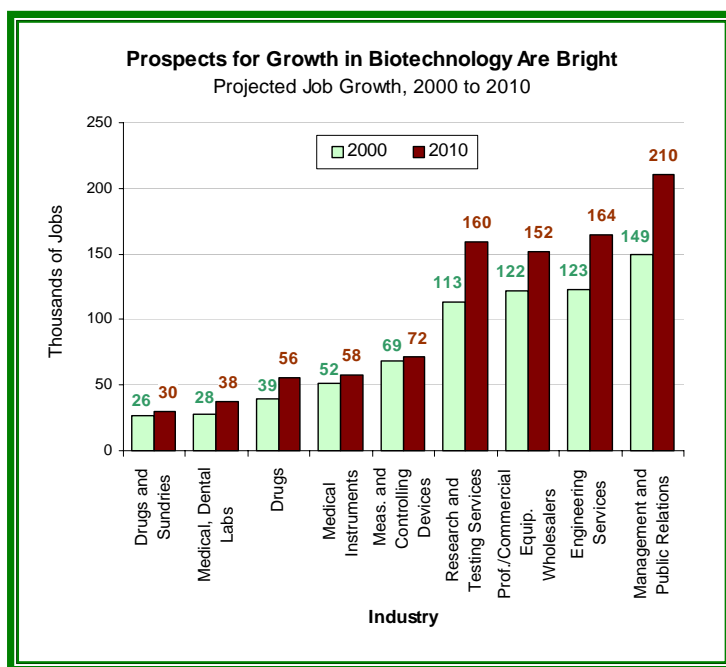
## BIOTECHNOLOGY

- Biotechnology uses knowledge and techniques from the life sciences to create commercial products and services. Biotechnology-related industries are found in a variety of industry classifications, including Drugs, Medical Instruments and Supplies; Medical and Dental Laboratories; Engineering Services; and Research and Testing Services.
- California was home to approximately 35 percent of the nation's 1,300 biotechnology businesses in 2002, the largest concentration of biotechnology firms among the 50 states. California's biotechnology industry is centered in San Diego, the Bay Area, Los Angeles, Orange County, and, increasingly, the Sacramento area.





- Biotechnology-related industries continued to expand during the recent economic downturn. In 2002, California led the nation in the number of firms in three components of biotechnology: medical biotechnology, medical devices, and agricultural biotechnology.
- Biotechnology-related industries are projected to grow by over 30 percent from 2000 to 2010, adding an estimated 219,000 new jobs.



- Occupational specialties range from science and engineering experts and technicians to market research and sales. Technician occupations are projected to add approximately 16,000 jobs between 2000 and 2010.

For more information about Employment Development Department's programs and services or to access an electronic copy of this report, go to the EDD Web site at <http://www.calmis.ca.gov/>.

The California State Employment Development Department (EDD) is a recipient of federal and state funds, is an equal opportunity employer/program, and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA). Special requests for alternate formats need to be made by calling the following information number: (916) 262-2162.